



JOHN NAIMO
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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May 11, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo
Auditor-Controller

**SUBJECT: ANTELOPE VALLEY DOMESTIC VIOLENCE COUNCIL - A
DEPARTMENT OF PUBLIC SOCIAL SERVICES DOMESTIC VIOLENCE
SUPPORTIVE SERVICES AND COMMUNITY SERVICES BLOCK
GRANT PROGRAMS PROVIDER - CONTRACT COMPLIANCE REVIEW**

We completed a contract compliance review of Antelope Valley Domestic Violence Council (AVDVC or Agency), which included a sample of transactions from July 2013 through January 2015. The Department of Public Social Services (DPSS) contracts with AVDVC, a non-profit organization, to provide Domestic Violence Supportive Services (DVSS) and Community Services Block Grant (CSBG) Domestic Violence Program services to eligible victims of domestic violence. DVSS and CSBG Domestic Violence Program services include performing assessments, facilitating shelter assistance, and providing legal assistance to the victims.

During Fiscal Year (FY) 2013-14, DPSS also contracted with AVDVC to operate the CSBG Emergency Utility Payments Program, which provided emergency utility payment services to help eligible low income individuals avoid utility service disconnection, and the CSBG Emergency Mental Health and Substance Abuse Treatment Program, which provided emergency assessments and referrals for eligible individuals and their families.

The purpose of our review was to determine whether AVDVC appropriately accounted for and spent DVSS and CSBG Program funds to provide the services outlined in their County contracts. We also evaluated the Agency's financial records, internal controls, and compliance with their County contracts and other applicable guidelines. DPSS paid AVDVC approximately \$1.3 million on a fee-for-service basis from July 2013 through

January 2015. The County's FY 2013-14 contracts with AVDVC required the Agency to reinvest or return any unspent revenues to DPSS. AVDVC provides services to residents of the Fifth Supervisorial District.

Results of Review

AVDVC provided services to eligible clients, recorded and deposited DPSS cash receipts timely, and Agency staff had the required qualifications to provide program services. However, the Agency did not always comply with all of their County contract requirements. Specifically, AVDVC:

- Inappropriately allocated \$8,015 in shared payroll and non-payroll expenditures to the DVSS and CSBG Programs based on unallowable methods.

AVDVC's attached response indicates that they will reallocate all expenditures charged to the DVSS and CSBG Programs during the contract term, provide DPSS with supporting documentation, and work with DPSS to repay or reinvest any overbilled amounts.

- Did not maintain a listing of fixed assets and equipment purchased with DVSS Program funds, and did not conduct semi-annual inventories of fixed assets and equipment as required.

AVDVC's attached response indicates that they are now using a new software program that will assist them in maintaining a complete and accurate listing of fixed assets and equipment purchased with DVSS Program funds, and will conduct semi-annual inventories as required.

- Did not develop their Cost Allocation Plan (Plan) in compliance with their County contracts.

AVDVC's attached response indicates that they will develop a Plan that complies with their County contracts.

Details of our review, along with recommendations for corrective action, are attached (Attachment I).

Review of Report

We discussed our report with AVDVC and DPSS. AVDVC's attached response (Attachment II) indicates agreement with our findings and recommendations. DPSS will work with AVDVC to ensure that our recommendations are implemented.

We thank AVDVC management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Aggie Alonso at (213) 253-0304.

JN:AB:PH:AA:pn

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Sheryl L. Spiller, Director, DPSS
Richardson Honore, Board President, AVDVC
Carol Crabson, Chief Executive Officer, AVDVC
Public Information Office
Audit Committee

**ANTELOPE VALLEY DOMESTIC VIOLENCE COUNCIL
DOMESTIC VIOLENCE SUPPORTIVE SERVICES AND COMMUNITY SERVICES
BLOCK GRANT PROGRAMS
CONTRACT COMPLIANCE REVIEW
JULY 2013 THROUGH JANUARY 2015**

ELIGIBILITY

Objective

Determine whether the Antelope Valley Domestic Violence Council (AVDVC or Agency) maintained documentation to support the eligibility of clients that the Agency claimed received Domestic Violence Supportive Services (DVSS) and Community Services Block Grant (CSBG) Program services.

Verification

We reviewed the documentation stored in the case files for ten (5%) of the 196 clients that the Agency claimed received DVSS Program services and for five (28%) of the 18 clients that the Agency claimed received CSBG Program services during October 2014.

Results

AVDVC maintained documentation to support the eligibility of the 15 clients reviewed who received DVSS or CSBG Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether AVDVC maintained documentation to support the services charged to the Department of Public Social Services (DPSS) and whether clients received the billed services.

Verification

We reviewed the case files for ten (5%) of the 196 clients that the Agency claimed received DVSS Program services and for five (28%) of the 18 clients that the Agency claimed received CSBG Program services during October 2014.

Results

AVDVC maintained documentation to support the services provided to the 15 clients reviewed.

Recommendation

None.

STAFFING QUALIFICATIONS**Objective**

Determine whether AVDVC's staff had the required qualifications to provide program services.

Verification

We reviewed the personnel files for eight (33%) of the 24 AVDVC staff who provided services to DVSS and CSBG clients during October 2014.

Results

AVDVC's eight staff reviewed had the required qualifications to provide program services.

Recommendation

None.

CASH/REVENUE**Objective**

Determine whether AVDVC properly recorded revenue in their financial records, deposited cash receipts into their bank accounts timely, and if bank account reconciliations were prepared timely, and reviewed and approved by Agency management.

Verification

We interviewed AVDVC's management, and reviewed their financial records and January 2015 bank account reconciliations for four bank accounts.

Results

AVDVC properly recorded revenue in their financial records, deposited DPSS cash receipts into their bank accounts timely, and bank account reconciliations were prepared timely, and reviewed and approved by Agency management.

Recommendation

None.

COST ALLOCATION PLAN/EXPENDITURES**Objective**

Determine whether AVDVC developed their Cost Allocation Plan (Plan) using an appropriate cost allocation methodology, and if expenditures charged to the DVSS and CSBG Programs were allowable, properly documented, and appropriately allocated.

Verification

We interviewed AVDVC personnel, and reviewed their Plan and financial records for 18 non-payroll expenditures, totaling \$14,627, that the Agency charged to the DVSS and CSBG Programs from July through November 2014.

Results

AVDVC did not develop their Plan in compliance with their County contracts using an appropriate cost allocation methodology. As a result, the Agency inappropriately charged \$5,959 (41%) of the \$14,627 in non-payroll expenditures reviewed to the DVSS and CSBG Programs. Specifically, AVDVC inappropriately allocated \$5,959 to the DVSS and CSBG Programs for shared expenditures (i.e., auto expenses, insurance, shelter supplies, etc.) based on contract budgets, which is not an allowable method.

Recommendations**Antelope Valley Domestic Violence Council management:**

- 1. Reallocate all expenditures charged to the Domestic Violence Supportive Services and Community Services Block Grant Programs during the contract term, provide the Department of Public Social Services with supporting documentation, and repay any overbilled amounts.**
- 2. Ensure that all expenditures charged to the Domestic Violence Supportive Services and Community Services Block Grant Programs are allowable, properly documented, and appropriately allocated.**

3. **Develop a Cost Allocation Plan that complies with their County contracts.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether AVDVC's fixed assets and equipment purchased with DVSS and CSBG Program funds were used for the appropriate Programs and adequately safeguarded.

Verification

We interviewed AVDVC personnel, reviewed their financial records, and requested the Agency's fixed assets and equipment inventory list.

Results

AVDVC did not purchase any fixed assets or equipment with CSBG Program funds during our audit period of July 2013 through January 2015. However, the Agency utilized DVSS Program funds for the purchase of fixed assets and equipment and we noted significant weaknesses in the Agency's controls over these purchases. Specifically, during our review of AVDVC's financial records, we noted that the Agency purchased eight items (five computers, one laptop, one monitor, and one server) with DVSS Program funds. However, AVDVC did not maintain an inventory list to track the fixed assets and equipment purchased with DVSS Program funds as required.

In addition, the Agency did not conduct semi-annual inventories as required. AVDVC's management indicated that they had never conducted a physical inventory of fixed assets and equipment purchased with DVSS Program funds.

Recommendation

4. **Antelope Valley Domestic Violence Council management develop and maintain a complete and accurate listing of fixed assets and equipment purchased with Domestic Violence Supportive Services Program funds, and conduct semi-annual inventories of fixed assets and equipment.**

PAYROLL AND PERSONNEL

Objective

Determine whether AVDVC maintained personnel files as required and charged payroll expenditures to the DVSS and CSBG Programs that were allowable, properly documented, and appropriately allocated.

Verification

We compared the payroll expenditures for eight employees, totaling \$11,484 for October 2014, to the Agency's payroll records and time reports. We also interviewed employees, and reviewed personnel files for eight employees.

Results

AVDVC maintained personnel files as required. However, AVDVC inappropriately allocated \$2,056 (18%) of the \$11,484 in payroll expenditures reviewed to the DVSS and CSBG Programs. Specifically, AVDVC inappropriately allocated the payroll expenditures for four employees who worked on County and non-County Programs based on budgeted rates, instead of actual conditions as required.

Recommendation

Refer to Recommendations 1 and 2.

CLOSE-OUT REVIEW**Objective**

Determine whether AVDVC's close-out expenditure reports reconciled to their financial records and whether the Agency had any unspent revenue for Fiscal Year (FY) 2013-14.

Verification

We compared the total revenues and expenditures from AVDVC's FY 2013-14 close-out expenditure reports to the Agency's accounting records, and to DPSS payment records.

Results

AVDVC's close-out expenditure reports for FY 2013-14 indicated they did not have any unspent revenue for FY 2013-14. However, AVDVC needs to revise their accounting records based on our recommendations above, provide DPSS with revised close-out expenditure reports for FY 2013-14, and work with DPSS to return or reinvest any unspent revenue.

Recommendation

- 5. Antelope Valley Domestic Violence Council management revise their accounting records based on our recommendations above, provide the Department of Public Social Services with revised close-out expenditure reports for Fiscal Year 2013-14, and work with the Department of Public Social Services to return or reinvest any unspent revenue.**



Previously known as Antelope Valley Domestic Violence Council

February 24, 2016
County of Los Angeles
Dept. of Auditor-Controller
500 W. Temple St. Room 525
Los Angeles, Ca. 90012-3873

Att: John Naimo, Auditor-Controller

Re: Response to Feb. 17, 2015 Audit

Dear Mr. Naimo,

Please consider this as our agencies response to the audit begun by your staff on 2/17/15 and outlined in their report dated 1/12/16.

COST ALLOCATION PLAN/EXPENDITURES

ANTELOPE VALLEY DOMESTIC VIOLENCE COUNCIL agrees with recommendation #1 and will reallocate all expenditures charged to the Domestic Violence Supportive Services and Community Service Block Grant Programs during the contract term, and provide the DPSS with supporting documentation and repay, return or reinvest any overbilled amounts.

We further ensure that all expenditures charged to the DVSS and CSBG Programs are allowable, properly documented and accurately billed as stated in recommendation #2. In the future we will opt to use the direct labor percentages of each grant to arrive at the distribution amounts for those grants involved. This will result in very little change from the current methodology percentages.

ANTELOPE VALLEY DOMESTIC VIOLENCE COUNCIL will develop a cost allocation plan that complies with our county contract and submit it DPSS as noted in recommendation #3.

FIXED ASSETS & EQUIPMENT

According to the agencies Policies & Procedures regarding fixed assets and their recordability we follow the IRS guidelines. We use the "Small Purchase Threshold" of \$25,000.00 as a recordable/listable and depreciable asset. The agency has implemented recommendation #4 and is currently using a software program, "Asset Manager", to maintain a complete and accurate listing of fixed assets and equipment purchased with DVSS program funds, and will conduct semi-annual inventories of said fixed assets and equipment.

P.O. Box 2980 * Lancaster, CA 93539 * Administration: 661-949-1916 * HOTLINE: 661-945-6736

Going forward the agency will abide by current IRS Rules & Regulations and its own Policy & Procedures unless amended or required under the terms of the contract.

CLOSE OUT

Recommendation #5: Should a final review find that our close-out reports need to be changed due to the disputed expenses noted above the agency will work with DPSS to reinvest or repay adjusted amounts. A review of our billings indicates that both CalWORKs Legal and Case Management had exceeded the required units of service as listed in the SOW for each grant.

We thank you for the opportunity to respond to the findings of your auditors and look forward to reaching a mutually fair and correct conclusion.

Sincerely,

A handwritten signature in black ink, appearing to read 'Darryl Kniss', with a long horizontal stroke extending to the right.

Darryl Kniss, MBA
Chief Financial Officer
ANTELOPE VALLEY DOMESTIC VIOLENCE COUNCIL